

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

ITC (ITC) - BUY

Current Market Price	Fair Value (FV)
Rs.285	Rs.365

Date: 15th June 2026

Previous Rating: **REDUCE**

Current Rating: **BUY**

Change: **Upgrade**

Ratings Rationale

- Early trade trends, based on our checks, suggest that the volume impact on ITC's cigarette portfolio has been relatively contained (5-10% decline).
- While the EBIT impact has been significant (~30% decline) due to the partial tax absorption and adverse mix shifts, albeit broadly on expected lines.
- We expect this EBIT headwind to moderate through FY27E.
- It will supported by calibrated pricing actions and the likely migration of price-sensitive KSFT and RSFT consumers to EBIT-neutral Longs and premium DSFT variants.
- ITC launches new products and takes calibrated price increase
- Expect EBIT to largely recover, led by pricing and EBIT-neutral downtrading.
- We upgrade the stock to BUY from REDUCE.

Valuation

Upgrade to BUY from REDUCE using SOTP methodology

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE** – We advise investor to subscribe to the IPO.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan

Head of Research
shrikant.chouhan@kotak.com
+91 22 6218 5408

Arun Agarwal

Auto/Auto Ancillary, Building Material
Cement, Consumer Durable
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal, CFA

Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Rini Mehta

Research Analyst
rini.mehta@kotak.com
+91 22 6218 6433

Sumit Pokharna

Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

Veer Trivedi

BFSI
veer.trivedi@kotak.com
+91 22 6218 6432

Pankaj Kumar

Construction, Capital Goods & Midcaps
pankajr.kumar@kotak.com
+91 22 6218 6434

Amarjeet Maurya

Internet Software & Services
amarjeet.maurya@kotak.com
+91 22 6218 6427

Gaurav Bhandari

Research Analyst
bhandari.gaurav@kotak.com
+91 22 6218 6440

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan

shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale

amol.athawale@kotak.com
+91 20 6620 3350

Sayed Haider

sayed.haider@kotak.com
+91 22 62185458

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal

sahaj.agrawal@kotak.com
+91 79 66041701

Prasenjit Biswas, CMT, CFTe

prasenjit.biswas@kotak.com
+91 33 6638 8331

Karan Kulkarni

karan.kulkarni@kotak.com
+91 20 66203350

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Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +22 67132430. Website: www.kotak.com / www.kotakneo.com. Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya

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